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Message Text

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TO AMEMBASSY TOKYO IMMEDIATE

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LIMDIS

E.O. 11652: GDS

TAGS:JA, ENRG, TECH, TGEN

SUBJECT: FUKUDA S&T INITIATIVE

1. SUMMARY: THE JAPANESE EMBASSY IN WASHINGTON HAS RAISED SEVERAL "POINTS OF CONCERN" REGARDING THE US AUGUST 2 NON-PAPER ON S&T COOPERATION. THEIR MAIN PROBLEMS CONCERN: THE 21ST CENTURY FOCUS OF PM FUKUDA'S PROPOSAL IN CONTRAST WITH SOME OF THE NEARER-TERM U.S. SUGGESTIONS; THE AMOUNT OF ATTENTION TO BE DEVOTED TO LDC CONCERNS; PATENT, FINANCIAL AND OTHER PROBLEMS SURROUNDING WORK ON TECHNOLOGY WITH RELATIVELY SHORT-TERM PAY-OFF (I.E. COAL CONVERSION); AND THE QUESTION OF CONTRIBUTING ACCESS TO EXISTING FACILITIES VERSUS SUPPLY OF OPERATIONAL FUNDS. WE ATTEMPTED TO RESPOND TO EACH OF THESE CONCERNS IN WAYS WHICH HIGHLIGHTED THE CONGRUENCE OF OUR FOCUS AND THE CONFIDENTIAL

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MUTUAL BENEFITS INVOLVED. END SUMMARY.

2. AT LUNCH AUGUST 16 WITH NST/OSTP (HUBERMAN) AND EA/J (ROMBERG), DCM SUMIYA AND COUNSELOR FUJII PRESENTED FOUR "POINTS OF CONCERN" REGARDING THE AUGUST 2 U.S. RESPONSE TO THE JAPANESE PROPOSAL ON S&T COOPERATION. THE PRESENTATION, OUTLINED BELOW, FOLLOWED THE GENERAL LINE YATABE TOOK WITH THE SCIENCE COUNSELOR IN TOKYO THE SAME DAY

(REFTEL).

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A. PM FUKUDA'S PROPOSAL WAS AIMED AT PROMOTION OF RESEARCH AND DEVELOPMENT OF "NEW ENERGY SOURCES" LOOKING TOWARD THE 21ST CENTURY. THE PRIME MINISTER SEES MANY PRESENT-DAY PROBLEMS, AND BELIEVES IT IS VERY NECESSARY TO WORK ON THOSE PROBLEMS. BUT THE BASIC NATURE OF OUR COOPERATION UNDER THIS INITIATIVE SHOULD, IN HIS VIEW, BE TECHNOLOGY WHICH LOOKS BEYOND THE IMMEDIATE FUTURE. THE JAPANESE SIDE NOTES THAT IN ITS NON-PAPER OF AUGUST 2, THE US AGREED TO THIS. JAPANESE WOULD LIKE TO ASSURE THAT WE KEEP TO THIS BASIC LINE AS MUCH AS POSSIBLE.

B. RELATED TO THIS, ACCORDING TO THE AUGUST 2 US PROPOSAL, WE WOULD COVER NOT ONLY RESEARCH AND DEVELOPMENT IN NEW ENERGY TECHNOLOGY BUT ALSO IN NON-ENERGY TECHNOLOGY AND TECHNOLOGY FOR DEVELOPING COUNTRIES. JAPAN APPRECIATES THAT THESE ARE IMPORTANT FIELDS AND AGREES THAT THE UNITED STATES AND JAPAN SHOULD TALK ABOUT THESE QUESTIONS AND COOPERATE IN THESE FIELDS. BUT THEY HAVE SOME DOUBT WHETHER THE LDC QUESTIONS--SUCH AS THE FOUNDATION FOR INTERNATIONAL TECHNICAL COOPERATION (FITC), WHICH PRESIDENT CARTER SUGGESTED IN VENEZUELA AND WHICH JAPAN SEES AS A MULTILATERAL EFFORT--FIT UNDER THE UMBRELLA OF THE FUKUDA PROPOSAL. THE CONFIDENTIAL

JAPANESE ALSO WONDER WHETHER TOO MUCH DIVERSION OF EFFORT TO LDC'S MIGHT NOT BLUR THE FOCUS OF THE COOPERATION AND INHIBIT FRUITFUL RESULTS.

C. IN THE US POSITION, COAL CONVERSION, AND THE SRC II PROJECT SPECIFICALLY, WERE GIVEN TOP PRIORITY. FOR TWO REASONS JAPAN DOUBTS THAT THIS SHOULD BE SO. FIRST, AS REGARDS THE NATURE OF COOPERATION UNDER THE FUKUDA PROPOSAL, COAL LIQUEFACTION IS MUCH CLOSER TO COMMERCIAL REALIZATION AND IS NOT THE TYPE OF PROJECT ENVISAGED BY PRIME MINISTER FUKUDA. SO WHEN IT COMES AS A FIRST PRIORITY, IT BLURS THE FUKUDA PROPOSAL. SECOND, BECAUSE IT IS NEAR COMMERCIAL REALIZATION, THERE ARISE SUCH QUESTIONS AS INVOLVEMENT OF PRIVATE COMPANIES AND PATENTS.
D. IN THE US PAPER OF AUGUST 2, IT WAS STATED THAT IT WOULD BE EQUITABLE IF ONE SIDE WERE TO CONTRIBUTE EXISTING FACILITIES TO A JOINT EFFORT WHILE THE OTHER SIDE CONTRIBUTED OPERATING EXPENSES. THE JAPANESE SIDE BELIEVES THAT WHEN PRIME MINSITER FUKUDA ORIGINALLY MADE HIS PROPOSAL TO PRESIDENT CARTER, HE HAD IN MIND JOINT FUNDING. LOOKING AT THE NATIONAL SCIENCE FOUNDATION NON-PAPER, THE JAPANESE HAVE THE IMPRESSION THAT THE US SIDE EXPECTS JAPAN WILL MERELY GIVE FUNDS TO AN ON-GOING PROJECT. THIS IS NOT WHAT JAPAN HAD IN MIND.

3. THESE FOUR POINTS, FUJII SAID, WORRY TOKYO VERY MUCH. THEY ARE CONCERNED THAT THE MEETING MUST BE SUCCESSFUL AND

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WANT TO TALK BEFOREHAND AS MUCH AS POSSIBLE ABOUT ANY PROBLEMS SUCH AS THESE TO ASSURE SUCH A SUCCESSFUL OUTCOME. HE INDICATED THAT DIRECTOR GENERAL YATABE WAS CONSIDERING COMING TO WASHINGTON NEXT WEEK IF PROBLEMS STILL REMAINED.

4. HUBERMAN RESPONDED THAT HE UNDERSTOOD THESE FOUR POINTS BUT FELT THAT WITH SOME EXPLANATION IT WOULD BECOME CLEAR THEY DID NOT REPRESENT PROBLEMS. HE NOTED CONFIDENTIAL

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THAT WE HAD AGREED THAT INITIAL FOCUS SHOULD BE ON LONG-TERM ENERGY, AND THAT MOST OF WHAT WE HAVE PROPOSED IS INDEED IN THIS AREA. HE POINTED OUT THAT THE ORIGINAL JAPANESE PROPOSAL HAD MENTIONED COAL LIQUEFACTION AND THAT SRC II IS NOT AN ALREADY APPROVED PROJECT. THUS, HE SAID, IT IS NOT A QUESTION OF FUNDING AN ON-GOING PROJECT BUT RATHER ONE OF FINDING A NEW PROJECT FOR JOINT FUNDING. HUBERMAN OBSERVED THAT THE US SIDE BELIEVED THAT ALTHOUGH THIS ITSELF IS A MULTI-YEAR PROJECT, IT MIGHT BE A GOOD WAY OF GETTING TANGIBLE RESULTS RELATIVELY QUICKLY, WHICH COULD HELP GENERATE PUBLIC AND BUREAUCRATIC (INCLUDING BUDGET) SUPPORT ON BOTH SIDES. HUBERMAN SAID THAT OUR IDENTIFICATION OF COAL LIQUEFACTION AS A TOP PRIORITY ITEM DOES NOT MEAN WE THINK FUSION SHOULD BE DISCUSSED ANY LESS SERIOUSLY. THEY SHOULD RECEIVE EQUAL PRIORITY SO LONG AS WE DO BOTH, AS WAS OUR INTENTION. IF THERE WERE A PROBLEM ON THE JAPANESE SIDE WITH DOING BOTH, THEY SHOULD LET US KNOW. BUT ON THE ASSUMPTION THAT THERE WAS NO PROBLEM, HUBERMAN SAID WE WOULD NOT OBJECT TO LISTING FUSION FIRST IN ANY STATEMENTS THAT ARE EVENTUALLY MADE PUBLIC, IF THAT WOULD HELP THE JAPANESE OPTICAL AND POLITICAL PROBLEM. FUJII SAID HE THOUGHT IT MIGHT.

5. REGARDING DEVELOPING COUNTRIES, HUBERMAN SAID THERE MAY HAVE BEEN SOME MISUNDERSTANDING. WE WERE NOT TRYING TO INCLUDE FITC PROJECTS UNDER THE FUKUDA PROPOSAL. BUT SINCE THE PRIME MINISTER HAD EXPRESSED AN INTEREST IN DEVELOPING COUNTRY NEEDS,AND SINCE THE PRESIDENT IS ALSO PERSONALLY INTERESTED,WE DID WANT TO DISCUSS FITC. WHAT WE WANTED TO SAY WAS THAT WE SHOULD DISCUSS WITHIN THE FUKUDA PROPOSAL THE CONCEPT OF WORK ON SOME TECHNOLOGY WHICH IS RELEVANT TO LDC NEEDS, HOPEFULLY SOONER THAN THE 21ST CENTURY. BUT WE MIGHT NOT HAVE A PRACTICAL PROPOSAL CONFIDENTIAL

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FOR THE MEETING IN EARLY SEPTEMBER. HUBERMAN THEN EXPLAINED THE DIFFERENCE BETWEEN THIS AND POSSIBLE JOINT

ACTIVITIES BETWEEN THE JAPANESE SIDE AND THE

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FITC, SAYING THAT WE DO NOT ENVISAGE THE LATTER AS A RESPONSE TO THE FUKUDA PROPOSAL AT THIS TIME. HE SAID FITC WOULD BE A SIDE ISSUE AT THE FORTHCOMING DISCUSSION; ALTHOUGH AT SOME FUTURE DATE IT MIGHT BE ABLE TO COORDINATE WITH WORK UNDER THE FUKUDA PROPOSAL FUJII SAID HE UNDERSTOOD THE DIFFERENCE.

6. REGARDING USE OF EXISTING FACILITIES, HUBERMAN OBSERVED THAT WE WERE SIMPLY MAKING A "COMMON SENSE" POINT. THAT IS, IF THE US OR JAPAN HAS AN EXISTING FACILITY WHICH CAN APPROPRIATELY BE USED, WE SHOULD NOT EXCLUDE THE POSSIBILITY OF USING IT. WE DID NOT WANT TO DO THINGS IN A MORE COSTLY MANNER THAN NECESSARY, SUCH AS SPENDING HUGE AMOUNTS OF MONEY FOR A NEW FACILITY WHEN AN EXISTING ONE WOULD DO. HE OBSERVED THAT WE SHOULD DECIDE WHETHER TO USE EXISTING FACILITIES ON A PROJECT-BY-PROJECT BASIS.

7. REGARDING THE FOCUS, HUBERMAN REITERATED THAT WE AGREE WE SHOULD PUT PRIMARY EMPHASIS ON NEW ENERGY INITIALLY, BUT, AS THE PRESIDENT HAS SAID, WE WANT TO DISCUSS GOING BEYOND THIS. HE SAID WE FELT THIS COULD ENHANCE THE PRESTIGE OF OUR JOINT EFFORTS. IF THE JAPANESE DISAGREE, OF COURSE, WE WANT TO KNOW. WHILE WE DO NOT WANT TO DIFFUSE THE FOCUS SO MUCH THAT THE PROGRAM BECOMES MEANINGLESS, WE SEE MUCH OF VALUE WE COULD DO COOPERATIVELY IN OTHER AREAS.

8. AS TO LEVEL OF THE DELEGATION, FUJII SAID THEY WOULD MATCH WHATEVER DELEGATION THE US SENT. (NOTE: LATER IN THE DAY, WE INFORMED HIM THAT THE DELEGATION WOULD BE LED BY DOE DIRECTOR OF ENERGY RESEARCH JOHN DEUTCH AND THAT WE PROPOSED THE TALKS BE HELD SEPTEMBER 4 AND 5. THEY CONFIDENTIAL

RESPONDED AUGUST 17 ACCEPTING THOSE DATES.)

9. AS TO AGENDA, THE JAPANESE SIDE WILL MAKE A FORMAL PROPOSAL, BUT IT WAS GENERALLY AGREED THAT WE NEEDED TO COVER BOTH THE STRUCTURAL FRAMEWORK OF COOPERATIVE EFFORTS AND SPECIFIC PROPOSALS. IN THIS CONNECTION, HUBERMAN STRESSED THAT WHILE WE ARE NOT LOOKING TO AGREE ON THE MINUTE DETAILS OF PROPOSALS IN TOKYO, WE WOULD LIKE TO REACH AGREEMENTS ON SPECIFIC PROJECTS WE WOULD PURSUE AND HAVE SOME IDEA OF THE MONEY INVOLVED. THERE WOULD, OF COURSE, HAVE TO BE CAVEATS TO TAKE INTO ACCOUNT OUR RESPECTIVE BUDGET PROCESSES. (COMMENT: IT APPEARED THAT THE US VERSION OF WHAT MIGHT BE AGREED, AT LEAST TENTATIVELY, IN TOKYO WAS MORE SPECIFIC THAN WHAT FUJII HAD IN MIND, THOUGH IT IS ALONG THE LINES OF OUR AUGUST 2

NON-PAPER. WE WILL HAVE TO WAIT TO SEE IF FUJII'S REPORT OF THE CONVERSATION ELICITS ANY DISAGREEMENTS

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OVER SPECIFICITY.)

10. FUJII AND SUMIYA ASKED WHETHER WE ENVISAGED A COMMUNIQUE OR MEMORANDUM OF UNDERSTANDING AT THE END OF THE MEETING. HUBERMAN RESPONDED THAT WE MIGHT AT LEAST AGREE ON A DRAFT MOU WHICH COULD BE DISCUSSED FURTHER THROUGH DIPLOMATIC CHANNELS AS WE PROCEED TO THE FORMAL MECHANISM. THE POSSIBILITY OF A FOLLOW-ON WORKING LEVEL MEETING WAS ALSO MENTIONED IN A LATER CONVERSATION, BUT STRESS WAS PLACED ON THE NEED FOR SPECIFIC AGREEMENTS DURING THIS MEETING. (NOTE: WE BELIEVE A FOLLOW-ON MEETING, PRESUMABLY IN WASHINGTON, WILL BE NECESSARY TO ALLOW BOTH SIDES TO REVIEW THE RESULTS OF THE TOKYO SESSION IN DEPTH AND CONSIDER BUDGETARY AND PROGRAMMATIC IMPLICATIONS. HOWEVER, WE WANT TO ACHIEVE MEANINGFUL CONFIDENTIAL

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RESULTS IN THE UPCOMING SESSION, AND WE DO NOT WANT TO PROVIDE THE JAPANESE BUREAUCRACY WITH AN EXCUSE FOR WAITING UNTIL AFTER THE EARLY SEPTEMBER MEETING BEFORE GETTING DOWN TO SERIOUS BUSINESS.)

11. SOME DISCUSSION TOOK PLACE ON THE "SENIOR PERSONS" FOR THE EVENTUAL MANAGEMENT COMMITTEE. FUJII INDICATED THOUGHT HAD BEEN GIVEN IN JAPAN TO A CEREMONIAL ROLE FOR AN "ELDER STATESMAN." HUBERMAN RESPONDED THAT WE HAD IN MIND CHOOSING A SENIOR OFFICIAL WITH CURRENT OPERATIONAL RESPONSIBILITY TO HELP BRING THE PROPOSALS TO FRUITION.

12. REGARDING REFTEL, WE THINK WE NEED NOT RPT NOT TAKE ANY FURTHER STEPS AT LEAST UNTIL THE JAPANESE HAVE RESPONDED TO HUBERMAN'S AUGUST 16 LUNCHEON COMMENTS.
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